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# Notes on Canadian Federalism

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Canada

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**Notes on  
Canadian  
Federalism**



## ***Preface***

Canada is but one of many nations around the world that have chosen federalism as their system of government.

One of the beauties of federalism is its flexibility. A federation can evolve, adapt and innovate with relative ease to meet the changing needs and desires of its citizens.

In Canada, we have been innovating, adapting and building since our country was created from a handful of small colonies in 1867. The result is a system of government similar in many respects to those of other federations, but at the same time uniquely and distinctly Canadian.

This booklet is published by the Government of Canada in the interest of contributing to greater public understanding of the Canadian system of government; of the reasons our founding fathers chose to create a federation; of the advantages of federalism and of how our system operates.

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## 1 What is federalism?

### ***What is federalism and how does it differ from other forms of government?***

Basically, federalism is a type of association among communities which have agreed to unite in order to better safeguard their future and their prosperity, but which wish to retain their distinct identities. Most federal systems have come about because the communities involved wanted the economic and strategic advantages of a larger association, but also wanted to preserve a degree of freedom in the administration of regional affairs.

A federation differs in several important respects from a unitary state or confederation. A unitary state is one in which the citizens owe allegiance to a single supreme government. Of course, regional administrations exist within some unitary systems, but these are completely subordinate to the central government. In short, the individuals in a unitary state pay taxes to, receive services from, and (in a democracy) vote for the central government and its subordinate bodies.

A confederation, on the other hand, is a society composed of societies. It is not a state at all. It is a *league* of states. The citizens of the member states have no direct relation at all to the central, confederal authority. They are citizens of each member state, and that is all. They pay taxes only to the member state; they receive services only from the member state, and in a democracy they vote only for the government of the member state. The central authority gets its money only from what the member states contribute to it, and carries out activities only in those spheres which the member states cede to it.

A federal state is itself a state. It is composed both of societies (the constituent provinces, states or cantons) and of individuals. The citizens are citizens both of the federal state and of the constituents (states, cantons). Power is shared between the two orders of government, each of which has sovereignty within its sphere of competence and each of which has executive, legislative and judicial powers. The citizens of a democratic federal state pay taxes to, receive services from, and vote for both orders of government.

The Fathers of Confederation in Canada used the term “confederation” very loosely, as many people then did. They were not professional political scientists. But what they created was manifestly a federal state, not a league of states. Canadians are citizens both of Canada and of whatever province they live in. The Government of Canada is empowered to deal with certain matters of national concern, while the provincial governments have substantial powers to deal with matters of essentially provincial and local concern. Canadians are directly related to both orders of government through the taxes they pay, the services they receive, and the representatives they elect.

The form of government best suited to a country depends upon the nature of the country—its geography, culture, languages, and so on. While the unitary system is more appropriate when the people of a country form a relatively homogeneous group, the federal system is more suitable when the people of a country are diverse and spread out over a large area. Through federalism, Canadians can pursue common goals, while still protecting the identities of their distinct communities.



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## 2 Why we chose federalism

## **Why did Canadians choose a federal system in 1867 rather than another type of political system?**

*We had either to take a federal union or drop the negotiations.*

Thus stated George Brown, one of Canada's founders, in 1865. Like the rest of the Fathers, Brown believed that the five colonies concerned at that time—Nova Scotia, New Brunswick, Newfoundland, Prince Edward Island and the United Province of Canada, which later became Ontario and Quebec—should combine to create a new political unit chiefly to integrate their activities in such vital fields as trade and commerce, communications and defence.\*

These objectives could have been pursued with the adoption of a unitary political system, with a single government for the entire country. Or, the colonies could have formed a loose confederation in order to co-operate for limited economic and military purposes. Finally, there was the option of a federal system, with a national government to deal with matters of common concern, and provincial governments to handle the essentially provincial and local interests of their residents. Let us take a closer look at the options open to the three colonies in 1867, and the reasons why the Fathers of Confederation eventually agreed upon a federal system.

## The unitary system

During the conferences leading to the creation of Canada, the unitary system or legislative union had

\* As it happened, the *British North America Act* of 1867 united only three colonies—Nova Scotia, New Brunswick and the United Province of Canada (Ontario and Quebec).

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some appeal for those delegates involved in business, finance and industry. Through mechanization and specialization of skills, and by aiming at an expanded domestic market, they argued that Canadians could hope to produce greater individual and collective wealth. A unitary system would have been well suited to this objective, as it would have imposed the same standards and policies in all parts of Canada. But it also would have required uniformity in cultural, linguistic and legal matters, and this was unacceptable to the Quebec and Maritime politicians involved in the discussions.

### **The confederal system**

A confederation was attractive to those politicians who wanted to retain a high degree of independence for their colonies, but who recognized the need for cooperative action in some areas. However, they were aware that experiments with confederation in the United States, Switzerland and Germany had failed because the rivalries between the member states were too great and the central institutions were too weak to achieve the necessary compromises.

### **The federal system**

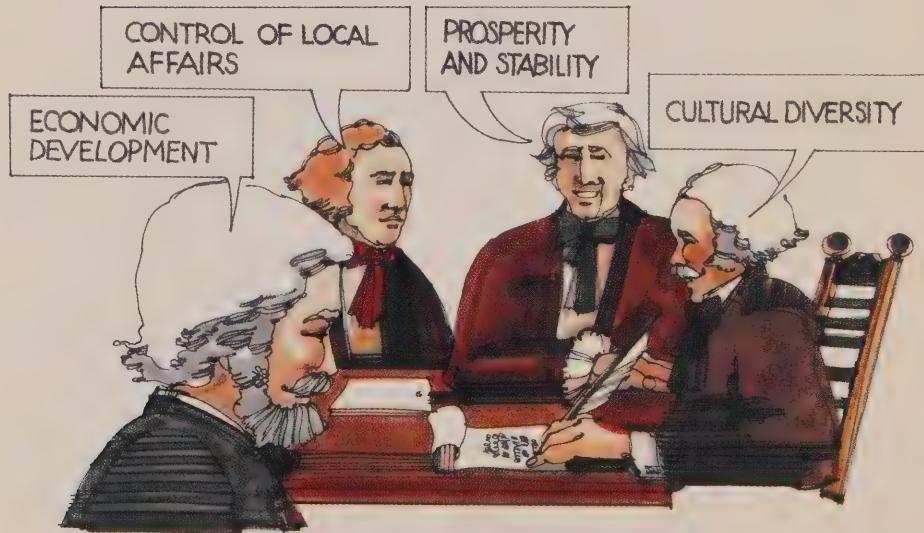
The Fathers of Confederation were in agreement on the need to unite the colonies to increase the country's wealth and to provide a better defence system. Francophone politicians and many of their colleagues from the other regions recognized the need to protect the distinctive characteristics of the different regions through local control, especially in the areas of education, administration of justice and municipal affairs. Thus, the founders of Canada chose the federal formula because they believed it was the only way to unite the colonies under a strong and effective national government while still allowing for the satisfaction of regional aspirations.

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All things considered, the founders of Canada chose the political system that fulfilled the need for autonomy of both linguistic groups and of the regions, and recognized the interdependence of the colonies.

Premier Richard Hatfield of New Brunswick, in two speeches he gave in 1977, commended the foresight of the founders of Canada in these words:

*The Fathers of Confederation found a vision worth searching for. It was the vision of a society composed of distinct regional, cultural, economic and linguistic communities — united for mutual benefit and support and committed to mutual respect and mutual concern. It was the vision of men who had acquired the political maturity to see what Canada had to be if it was to endure and prosper... The United States has been shaped by the vision of a homogeneous American identity. Canada, on the other hand, has been shaped by the vision of a number of social and geographic communities achieving self-realization through interdependence.*



# 3

## Canada – an economic and political union

***What are the main characteristics of the economic association made possible by the Canadian federal system?***

The Canadian federal system is, among other things, an established and working economic association, with all the main advantages of other such associations.

In the first place, it has the characteristics of a free trade association. In such associations, the obstacles to trade between member countries are eliminated. The businesses of each member country have access to the markets of the other members without restriction, for the purpose of selling goods and services. The Canadian federal system, generally speaking, opens to each province the potential market represented by the millions of consumers in the other provinces. This free access to a larger market has enabled and still enables each region of Canada to increase the performance of its industries, and the earnings of its inhabitants.

The Canadian federal system also has the characteristics of a customs union. In a customs union, each member country has access to the other members' markets — with the added advantage that these countries apply a uniform tariff on products imported from those foreign countries that are not members of the union. In this way, the same customs protection is extended to all the member countries. This also holds true in the provinces of Canada: the customs tariffs are the same everywhere, making it possible to maintain a certain level of performance and employment in sectors such as textiles, clothing and furniture, which would not always be possible if this protection did not exist.

A common market is organized in the same way as a customs union, except that there is also free move-

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ment of persons and capital among member countries. Moreover, the common market members generally apply common policies in various sectors, such as agriculture and transportation. With few exceptions, the Canadian federation provides for the free circulation of persons and capital, and each province benefits from the federal policies adopted in these areas. For example, federal transportation policy has helped unite the provincial economies, particularly through railway and airline systems, pipelines and telecommunications networks extending from the Atlantic to the Pacific, and into the Far North.

Economic and monetary union, another type of association, ties together the economies of member countries even more closely. This type of union has all the characteristics of a common market, plus a central bank and a single monetary policy. Canadian provinces enjoy the same advantage. A single currency, supported by the economic power of the entire federation rather than by individual provincial economies, ensures greater price stability and facilitates transactions with other countries.

### ***What are the advantages of a political union?***

In order to judge the particular advantages offered by each of these various types of economic association, the political context must be taken into account. Economist Roger Dehem, in a publication of the C.D. Howe Research Institute, points out that the attainment of any economic association's objectives depends on the political willingness to achieve them:

*It has been shown that a purely economic community and, a fortiori, any weaker form of association do not have the means of achieving their purpose and are thus more or less precarious, ineffective, or illusory. In every case, the missing ingredient has been proved to be an effective rule or authority to settle differences among member states.*

In short, if it is to function effectively, economic union must be combined with political union. Very difficult sit-

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uations can arise unless there is a political authority with the power to settle problems for the good of all the members. The members could fall victim to unilateral measures not provided for in the pact or treaty of association, and could also be unable to take effective measures against the constituent members which depart from the general rules and principles to which they have subscribed. Political union is also necessary to provide a more equitable distribution of resources, which can help to reduce regional disparities and ensure that the members' respective economies can operate efficiently.

When an economic association is formed, there are always many people who hope that it will eventually lead to political union. This is certainly the case with the European Economic Community, whose voters elected a European Parliament in June 1979. The following excerpts from documents of the European Economic Community illustrate this point of view:

*In today's world, economic solidarity is inseparable from political solidarity.\**

*The European Community's long-term aim has always been a politically-united Europe, and its institutions are now preparing plans for the attainment of "European Union".\*\**

As Canadians, we benefit from both the advantages of an integrated economic union and those of a political union. The Canadian federal system is the only efficient and viable economic and political union able to meet the needs of Canadians from different provinces. Compared to the federal system, the other forms of association are limited, unstable and lack effectiveness.

\* Emile Noël Secretary General of the European Community Commission, *Comment fonctionnent les institutions de la Communauté européenne*, Office des publications officielles des Communautés européennes, 1977, p. 34.

\*\* *La Communauté européenne*, booklet published jointly by the Commission of the European Communities and the Canadian Department of External Affairs, Canada, 1976, cat. no. E2-81/1976F, p. 40.

## 4 Federal institutions

### ***What are the institutions of our federal government?***

The federal institutions are executive, legislative, judicial, regulatory and administrative.

The executive consists of the Queen (usually represented by the Governor General) and the cabinet. The Governor General is appointed by the Queen on the advice of the prime minister. The cabinet is appointed by the Governor General on the advice of the prime minister. The prime minister is the leader of the party which can command a majority in the House of Commons.

The cabinet now has more than 30 members. By constitutional custom, each province must, ordinarily, have at least one minister. In practice the largest provinces, Ontario and Quebec, have about a dozen each—if they have elected enough supporters of the winning party in the federal election. Tradition also calls for the appointment of 10 or 12 French-speaking Canadians to the cabinet, including two from outside Quebec, and one English-speaking minister from Quebec.

The legislative institution is Parliament. It consists of the Queen, the Senate and the House of Commons. Laws are passed by both houses and receive the Queen's assent (which is always given, on the advice of the cabinet.)

The Senate has 104 seats. There are 24 from Quebec, 24 from Ontario, 24 from the Maritimes (10 each for Nova Scotia and New Brunswick, four for Prince Edward Island), 24 from the West (six for each province), six from Newfoundland and one each from Yukon and the Northwest Territories. Senators are

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appointed by the Governor General on the advice of the prime minister.

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The House of Commons has 282 members, elected by the people. Representation from each province is based on its proportion to the total population of the country, though no province can have fewer members in the Commons than it had in the Senate in 1981. Ontario has 95 members, Quebec 75. The Atlantic provinces have 32 (Nova Scotia 11, New Brunswick 10, Newfoundland seven and Prince Edward Island four). The Western provinces have 77 (British Columbia 28, Alberta 21, Manitoba and Saskatchewan 14 each). Yukon has one and the Northwest Territories two members. The number and distribution of seats is changed after each decennial census, to reflect changes in population.

The judicial institutions are the Supreme Court of Canada, the Federal Court and the Tax Court of Canada. The Supreme Court of Canada has nine judges, appointed by the Governor General on the advice of the cabinet. Three must be from Quebec. The Federal Court has two divisions, trial and appeal. The court of appeal has six judges and the trial court has 10 judges, appointed by the Governor General on the advice of the cabinet. The Tax Court of Canada has 12 judges, appointed by the Governor General on the advice of the cabinet. Either the chief judge or the associate chief judge must be from Quebec.

All the other courts are established and regulated by the provincial legislatures; but the judges of the provincial superior courts, and of the district and county courts, are appointed by the Governor General on advice of the federal cabinet.

The regulatory institutions, whose members are appointed in the same way, are such bodies as the Canadian Transport Commission, the National Energy Board and the Canadian Radio-television and Tele-communications Commission.

## 4

The administrative institution is the public service of Canada, whose members are directly or indirectly appointed by the Governor General on the advice of the cabinet. Except for the very highest officials, who are directly chosen by the cabinet, the public service is appointed on the merit system, operated by the Public Service Commission, which is appointed in the same way as the regulatory bodies.

## 5 Canadian federalism and the balance of powers

### ***Is Canada too centralized or too decentralized?***

In the ongoing debate over the balance of powers in Canada, some argue that there is a need to give the provincial governments new powers, on the grounds that power is at present too centralized in Ottawa. Others say the federal government must be given greater powers in order to secure the Canadian economic union, among other things. But what exactly do we mean by centralization and decentralization, and what are the implications of movement in one direction or the other?

First of all, it is necessary to define the concepts. Centralization refers to the concentration of decision-making in the central authority, while decentralization means that a considerable part, even most, of the decision-making is vested in the regional and local authorities. There is no virtue in either centralization or decentralization as such. What is important is not who should have the power to govern, but that the people should be well governed. Therefore, the guiding principle in distributing powers in a federation should be which government, federal or provincial, can best do a particular job.

When the Fathers of Confederation wrote the resolutions that formed the basis of the *BNA Act* in 1867, they obviously tried to follow this principle in dividing powers between the federal and provincial governments. However, there were developments which they could not foresee. They could not have known what kind of impact two World Wars and a major depression would have on Canada. Nor could they have envisaged the developments that would open up new fields of concern, such as the protection of the environment

and the regulation of the modern-day communications industry.

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**5** In some respects, our system has been flexible enough to accommodate these developments, and Canada has undergone periods of centralization and decentralization to meet the circumstances of the time. For instance, as a result of the economic crisis in the 1930s and the war effort in the 1940s, Canada's fiscal system was highly centralized by the 1950s. This trend was reversed in the 1960s and 1970s as provincial governments reasserted their rights in certain economic and social fields and gained control over massive public spending programs.

Although our system has been flexible, many politicians and constitutional experts have come to the conclusion that changes in the distribution of powers are necessary if we are to continue to be governed efficiently and effectively.

One option would be to move toward greater decentralization. Some activities at present carried out by the national government might be more effectively administered by provincial authorities. However, a few provincial spokesmen have recently advocated an extreme form of decentralization in which the provinces would decide among themselves what the responsibilities and activities of the national government should be. Canada would, in effect, become a confederation, with a national government receiving its instructions from 10 virtually independent provinces.

As experiments with confederal forms of government have shown in the past, specifically in the United States and Switzerland, the absence of a strong national government usually leads to indecision and conflict among the members of the confederation.

The five main regions and the 10 provinces of Canada often have divergent interests. Thus, the provinces that export oil want to sell it at the highest possible price, while the consumer provinces want to buy oil at the

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lowest price. Those provinces with a large manufacturing sector want tariff protection for their goods while other provinces want a free market. The needs of farmers in the Western provinces are different from those of farmers in Quebec or Atlantic Canada. These types of situations justify the existence of a federal government that is strong enough to be able to respond to the needs of all Canadians. After all, the federal government is the only government in Canada with a mandate to consider the welfare of the entire country and the interests of all Canadians. Thus it must preserve the means essential to successfully fulfilling its mandate.

Of course, the other extreme option — excessive centralization — would also be undesirable. If the provincial governments were weakened, they would be less able to meet the specific cultural, linguistic and social needs of their citizens. So many conflicting demands would be focused on the national government that it would probably be unable to cope with all of them. As a result, Canadians might come to see the national government as a remote and unresponsive force.

Nonetheless, a degree of centralization, particularly in the economic sphere, may be useful in a federation. To some extent, it is necessary to concentrate activities at the central level to reap the economic benefits of a larger internal market and to establish certain minimum national standards (for example, so that the Canadian citizen who enters hospital in Halifax, Quebec City, Toronto or Edmonton will have access to comparable services). The federal government can carry out certain economic programs to respond to the common needs of all Canadians and can do so at a cost which is significantly lower than that which the provinces would have to pay if they were to act independently. As well, a strong federal system allows for the redistribution of revenue from more developed regions to other regions and, in this way, ensures greater equality and financial stability.

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Also, from time to time, Canada has to face economic challenges whose scope is such that they exceed the capabilities of a single province. These absolutely require the financial strength of the entire federation. (Examples include the construction of the Intercolonial and Canadian Pacific railways at the end of the 19th century, the Trans-Canada Highway and the Trans-Canada Pipeline in the 1950s).

## **Maintaining the balance**

The forces of decentralization and centralization are always at work in a federal system. Neither force can prevail for too long or else the federal experiment would fail, and the country would move toward a confederal arrangement or a unitary state. In Canada, we must constantly seek to maintain the federal balance, with the overall objective of providing Canadians with the best government possible.



## 6 Decentralization – how we shape up

***Is Canadian federalism more or less decentralized than the other federal systems in the world?***

Modern federalism was first adopted in the United States in 1789. In the 19th and 20th centuries, many other nations chose to follow the American example, including Canada, Switzerland, Australia, India and West Germany.

One of the important characteristics of all federal systems is the fact that there are two orders of government — the provincial, state or cantonal, which responds to regional needs, and the federal, which brings the constituent members together so that each can benefit from their collective strength.

In a federal system each order of government has its own responsibilities and is autonomous within its sphere of activities. However, the degree of autonomy enjoyed by the provinces or their equivalents varies from one federation to another.

In the Federal Republic of Germany, the länder, which are similar to our provinces, have in practice only limited autonomy. The federal Parliament and the länder legislatures have a wide range of concurrent powers but the länder, as a rule, simply administer federal legislation. Local administration and police services are the only areas in which the länder retain exclusive jurisdiction. Unlike the Canadian provinces, they may not, on their own initiative, set different income tax rates or float loans on foreign markets.

Regional autonomy is much stronger in the Swiss cantons and the American states than in the German länder. Nevertheless, Switzerland and the United States have both shown a tendency toward centraliza-

tion, while in Canada the tendency for a number of years has been toward decentralization.

## 6

Canada was intended to be a more highly centralized federation than the United States, but judicial interpretation of the Canadian and American constitutions has effectively reversed this situation. Broadly speaking, the U.S. Supreme Court has steadily widened the powers of the central Congress. In Canada, from the 1880s on, the Judicial Committee of the Privy Council (our highest court until 1949) generally widened the powers of the provinces.

### **Economic weight of the provinces**

One of the main characteristics of present-day Canadian decentralization is that the provinces are active partners in economic development. This has many positive aspects, but it sometimes represents a serious constraint upon the federal government's ability to maintain and manage the national economy. The Canadian Bar Association, in a constitutional proposal entitled *Towards a New Canada*, suggested that the extent of provincial autonomy in economic matters has rendered the Canadian economic union more fragile than in other federations, including the United States, Australia and India. Moreover, the CBA concluded that, in some respects,

*the powers of the provinces to interfere with the Canadian national market are greater than those of the constituent states of the European Economic Community.*

### **Political weight of the provinces**

A further characteristic of Canadian decentralization is that the provinces have more political weight or influence than do the member states of other federal systems. In fact, the Canadian provinces play a large and necessary part in the development of national policy through federal-provincial conferences, where most of the major issues of the day are discussed.

## 6

It is worth noting that the *Constitution Act, 1982* allows provinces, on matters within their jurisdiction, to override (for periods of five years) many of the provisions of the Canadian Charter of Rights and Freedoms. It allows them also to opt out of any constitutional amendment which would detract from any of their powers, properties, rights or privileges.

In cases where powers relating to culture or education may be transferred from provincial legislatures to the federal Parliament, the Constitution permits provinces to opt out and receive “reasonable” compensation.

As well, certain educational rights of the English-speaking minority in Quebec require consent of the Quebec government or legislature.

Moreover, for certain amendments to the Constitution, including the amending formulas themselves, the *Constitution Act, 1982* requires the unanimous consent of the provincial legislatures. For most other amendments there must be agreement among the legislatures of at least two-thirds of the provinces, having together at least half the population of all the provinces.

### **Public spending**

The degree of decentralization in a federal system can also be measured by examining the size of the respective budgets of the two orders of government. In Canada, the provinces (including their municipalities) now spend much more than the federal government.

In fact, after fiscal transfers to the provinces, the federal government’s budget represents about 42 per cent of all public spending in Canada. In Switzerland, West Germany and the United States, the corresponding figures for federal spending are respectively 38 per cent, 48 per cent and 60 per cent.

# 6

## Conclusion

It has been shown that there is a high degree of decentralization in the Canadian federation by referring to the powers enjoyed by the provinces, their economic and political weight and the control they and the municipalities exercise over most public spending in Canada. Comparing the federal systems of various countries shows that Canada's system is more decentralized than that of many federations, including West Germany and the United States.

Our federal system enables the provinces to meet the needs of their citizens as much as, if not more than, do the federal systems of other countries.

## 7

## Responsibilities of the two orders of government

***What is the difference between the main responsibilities of the federal government and those of the provincial governments in Canada?***

In 1867 when the founders of Canada wrote section 91 of the *British North America Act* (now the *Constitution Act, 1867*) they gave the Parliament of Canada the general authority “to make Laws for the Peace, Order and Good Government of Canada,” except for subjects assigned exclusively to the provincial legislatures. In section 91 many specific areas of federal jurisdiction are also listed, including the regulation of trade and commerce, the postal service, navigation and shipping, national defence, currency and banking, patents and copyrights, criminal law and penitentiaries. In 1940, jurisdiction over Unemployment Insurance was added to the list.

Under section 92 of the *Constitution Act, 1867* the provincial governments possess wide-ranging powers. They are responsible for most services involving direct relations with their residents through their powers over property, civil rights and matters of a local nature. They administer hospitals and many health and welfare services, and have the preponderance of power over labour relations, and wide powers in the field of consumer protection. Roads, municipal institutions and the administration of justice also come under the jurisdiction of the provinces.

The provinces own and manage their natural resources, and they can borrow on foreign markets without the permission of the federal government. Under section 93 of the *Constitution Act, 1867* the provinces are also responsible for education, subject

to certain guarantees respecting denominational and separate schools.

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There are also some areas of joint, or concurrent, power. Both orders of government have powers over agriculture and immigration, but federal legislation prevails over provincial legislation in these fields. In 1951, Parliament was given the power to make laws in relation to old age pensions, providing that such laws do not interfere with any provincial laws in that area.

Generally speaking, the rationale behind the division of powers in Canada is that the national government should have those powers necessary to manage the economic union, maintain certain national standards, and perform Canada's international duties, while the provincial governments should have the powers required to meet the special cultural, social and economic needs of the regions. The Fathers of Confederation tried to set this out in black and white terms but many grey areas have emerged, and it has proven increasingly difficult to maintain clear distinctions between the jurisdictions of the two orders of government.

For instance, the *Constitution Act, 1867* assigns the provinces the dominant role in social and cultural affairs, but the federal government has also made significant contributions in these areas. The municipalities

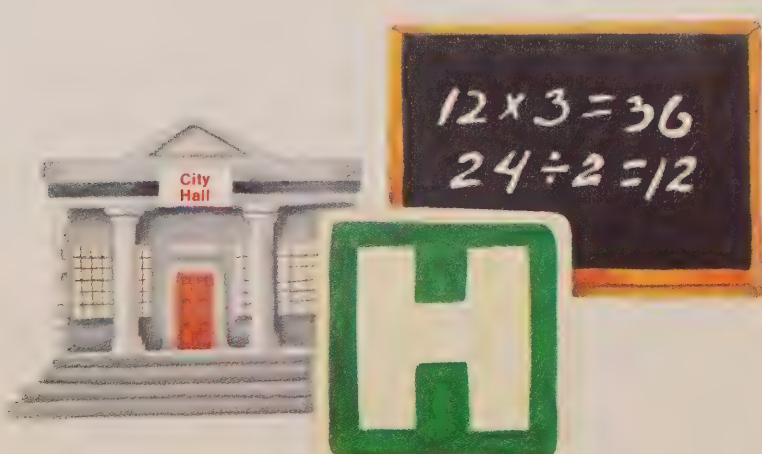


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are essentially a provincial responsibility, but they also directly benefit from such activities of the federal government as the development of ports and airports, industrial incentive programs and regional economic development projects. Moreover, in such relatively new areas as environmental protection and the regulation of communications, it is obvious that the provincial governments and the federal government must work together in order to solve the important problems of the day, which transcend artificial boundaries of municipalities, provinces and even countries.

The growing interdependence of Canada's governments is evident in the increased number of contacts between federal and provincial officials and ministers. In this context, conflicts are bound to arise as the federal and provincial representatives seek to maintain and enhance the influence of their respective governments. On the whole, however, intergovernmental relations in Canada are carried out in a co-operative and constructive manner.

Now that we have agreed upon a means of amending our own Constitution, it may be possible to arrive at a clearer and more functional division of powers to meet present-day needs. It must be recognized, though, that a degree of interdependence between the federal and provincial governments is an essential and desirable characteristic of Canadian federalism.



## 8 Federalism and foreign policy

### *How does the Canadian federal system operate in the area of foreign policy?*

In any federal system, only the national government is entitled to deal with foreign governments unless there are provisions to the contrary specifically written into the constitution. International relations are carried out between sovereign governments and, in terms of international law, only the national government is sovereign. In other words, the national government has the exclusive authority to deal directly with foreign countries. The division of power within the federal system applies to the internal and not the external jurisdiction.

These general principles are in keeping with the strictest logic. If the division of powers that exists within a federal system were also valid outside the system, a nation would have several international personalities and, taken to the extreme, as many personalities as it had member states. The risks of contradictions in foreign policy would be great.

For example, some member states could conclude agreements with foreign countries that might run counter to the views or the interests of other states or provinces in the nation. A province might buy products from a nation with which Canada had broken off diplomatic relations. Carrying matters to the extreme, in cases of international conflicts, some member states of a federation might support countries that were hostile toward their own federation. This would result in internal wars.

In addition, granting powers in the field of foreign policy to the member states of a federation would invite foreign powers to play the provinces off against each other, causing serious internal divisions in the fed-

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eration. It should also be noted that jurisdiction over foreign policy implies the necessary instruments for exercising this jurisdiction, namely the diplomatic corps and the armed forces. It is difficult to see how each Canadian province could possess these instruments without causing the country to break up.

The authority to deal with foreign countries is the immediate and exclusive responsibility of the Canadian government, even in matters that come under the internal jurisdiction of the provinces. However, an international agreement signed by the federal government cannot be applied within an area of provincial jurisdiction except by the legislative action of each province. For example, the federal government signed two United Nations covenants on civil and political rights and on economic and social rights in 1966. But the covenants were not ratified until 1976, when it was certain that all provincial legislatures would pass the legislation required to bring them into effect in areas of provincial jurisdiction.

In recent years, the participation of the provinces in international agreements has increased with the help of the federal government. Not only has there been consultation with the provinces, but when international conferences have been held abroad dealing with such subjects as education, which is under the internal jurisdiction of the provinces, the provincial ministers have often been invited as members of Canadian delegations. In some cases, some of the provinces—and Quebec in particular—were able to sign international agreements with foreign countries. However, such agreements can be made only within the limits permitted by the federal government (for example, within the framework provided by treaties between that government and the foreign state or states concerned). In this case, the powers exercised by the provinces are, in effect, delegated by the sovereign government. If this were not so, the divisibility of external powers would mean the end of the federation itself.

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# Federalism and the French language and culture

## **How does federalism promote the French language and culture?**

The *British North America Act* of 1867 laid a solid foundation for the protection and promotion of the French language and culture in Canada in three basic provisions.

First, by section 133, it gave the French and English languages absolute equality in the Parliament of Canada (debates, records and journals, acts) and in courts established by Parliament (notably the Supreme Court of Canada and the present Federal Court). It did the same for the Quebec legislature and courts.

Second, by section 92, head 13, it gave the provinces exclusive power over “property and civil rights” in each province. Section 94 provided that the other provinces could surrender this power to the federal Parliament. But Quebec could not. This entrenched the basically French civil law of Quebec.

(The *Manitoba Act, 1870*, created that province and by section 22 it gave English and French equality in the legislature and courts. In 1890 the Manitoba legislature passed an act to make English the sole official language of the province. But in 1979 the Supreme Court of Canada declared the act of 1890 unconstitutional and void).

Third, by section 93, it gave the provinces exclusive power over education, subject only to certain safeguards for the separate schools of the Roman Catholic and Protestant minorities. This entrenched Quebec's power to create and control a French system of education.

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(The acts creating the provinces of Manitoba, Saskatchewan and Alberta contained certain guarantees for Protestant and Roman Catholic separate schools, and the terms of union with Newfoundland guaranteed the right to schools of all religious denominations that had them at the time of union).

These were fundamental minimum rights. Since 1969 they have been extended by both federal and provincial legislation. The federal *Official Languages Act* of 1969 made French and English equal for the whole range of federal activities (not just Parliament and the federal courts). The *Official Languages of New Brunswick Act* did the same for the whole range of provincial activities in that province and also made provisions for minority language education within the province.

Quebec, by its 1977 Charter of the French Language, has made the use of French compulsory not only for all official purposes in the province (saving only the rights for English guaranteed by the original *BNA Act*), but for an enormous range of private activities as well.

Ontario has established a French school system (now serving some 100,000 pupils) and is providing an increasing range of services in French for Franco-Ontarians. Manitoba has established a French school system for Franco-Manitobans. Several other provinces have made great strides in increasing the capacity of their school systems to provide French-language education, partly through federal grants designed for this purpose.

The *Constitution Act, 1982* added to our Constitution a Charter of Rights and Freedoms that entrenches the rights of the French language already contained in the original *BNA Act* and the *Manitoba Act* of 1870. It guarantees even wider rights in the sphere of federal jurisdiction and in the province of New Brunswick, and it contains important new provisions concerning minority language education rights (including some for the English-speaking minority in Quebec).

In addition to the many provisions for the French language, the Canadian federal system has created a healthy economic atmosphere in which French culture has been able to develop and flourish. The Government of Canada has set up structures to enable creative individuals and cultural groups to express themselves in complete freedom. It continues to play an important role by offering those concerned the means of distribution, financial assistance and various other facilities for promoting the growth of the French culture. There can be no doubt about the decisive role played by the Canadian Broadcasting Corporation, the National Film Board, the Canada Council, the Canadian Film Development Corporation and the National Museums in encouraging creative enterprises by francophone Canadians.

The availability of CBC French programs to most francophone homes also contributes in a positive and even decisive manner to the survival and development of French Canadian culture. The CBC has enabled Quebec songs and singers to become known throughout Canada. Not only has it done so much to maintain and improve the French language, but it also constituted a sort of forum. The French network of the CBC produces more hours of original broadcasting per year than the state-owned television network in France.

Then there is the Canada Council, which has offered hundreds of grants to authors and artists, and the National Film Board, which has won international acclaim for many of its French films. For instance, in 1980, the NFB won prestigious awards for such films as *L'Affaire Bronswic*, *Le canot à Renald à Thomas* and *Mourir à tue-tête*.

Canada also plays an important role internationally in the development of the French-speaking world. Canadian parliamentarians, federal and provincial, are members of the Canada-France Inter-Parliamentary Association and the International Association of French-Speaking Parliamentarians. Canada partici-

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pates in such French-language international organizations as the Agency for Cultural and Technical Co-operation, of which it is a founding member.

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Working within the framework of this agency and in co-operation with the Government of Quebec, the Government of Canada organized the first international Francophone Youth Festival, which took place in Quebec City in August 1974.

It is not so much a question of drawing up a list as it is of knowing that, on the whole, the present political system has fostered the cultural growth of the Canadian francophone community. French is now more widely spoken and its vitality better assured than it has ever been.

## 10 Federalism and multiculturalism

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### *How does federalism reflect the multicultural heritage of Canada?*

*For here (in Canada), I want the marble to remain the marble; the granite to remain the granite; the oak to remain the oak; and out of all these elements I would build a nation great among the nations of the world.*

Prime Minister  
Sir Wilfrid Laurier  
(circa 1903)

When Sir Wilfrid Laurier spoke these words, it was becoming evident that Canada was destined to be a multicultural nation.

At the time of Confederation, the overwhelming majority of Canadians were of British or French origin, but the turn of the century marked the beginning of large-scale immigration to Canada. Between 1901 and 1911, more than 1.5 million immigrants entered the country, as many as had arrived during the previous 40 years. Many of these immigrants were non-British and non-French — they came from the United States, Europe and Asia, and, later on, from every part of the globe.

By 1961, census figures showed that more than one quarter of Canada's population was from non-British and non-French ethnic backgrounds. At this point Canada still did not have an official cultural policy, which was a growing source of frustration to those who wanted to foster a positive identity for Canada. A debate began to develop over the kind of cultural policy Canada should pursue. In 1963, Prime Minister Lester Pearson appointed a royal commission to inquire into bilingualism and biculturalism in Canada.

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Its mandate was to recommend what steps should be taken to develop an equal partnership between Canada's two founding peoples, taking into account the cultural contribution made by other ethnic groups and the measures that should be taken to safeguard that contribution.

Many non-British, non-French groups were disturbed by the mandate given to the royal commission. During public hearings across Canada, they expressed the fear that an official policy of biculturalism would make them second-class citizens. In response to their concerns, the royal commission conducted a series of studies into Canada's ethnic history, the importance of cultural identity to each group, and the influence of various groups on Canada's cultural life. When it delivered Book IV of its report in 1969, the commission recommended many ways to preserve and reinforce the other cultures in Canada.

In October 1971, the Government of Canada responded with an official policy of multiculturalism within a bilingual framework. In other words, the government recognized the dominant position of the English and French languages in Canada, but decided that all cultural groups should enjoy equal status.

To carry out the policy of multiculturalism across the broad spectrum of government programs and policies, the prime minister appointed, in 1972, a minister responsible for multiculturalism. The unit that assists the minister in implementing the multiculturalism policy is the Multiculturalism Directorate. Its main objective is to encourage the full realization of the multicultural nature of Canadian society through programs that promote the preservation and sharing of our cultural heritages. A wide variety of activities is pursued by the directorate, including support for conferences or seminars on issues of concern to particular cultural groups, the collection and exhibition of art and craft works, the writing of creative literature and its publication in either

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of the official languages or in the ancestral languages, and the development of the performing arts.

The Canadian Consultative Council on Multiculturalism was created to provide the minister with information and opinions from Canada's diverse cultural communities. The members of the CCCM are appointed by the minister for a specific tenure, and are drawn from a cross-section of cultural groups.

In addition to the Multiculturalism Directorate and the CCCM, federal cultural agencies also play a significant role in the promotion and preservation of cultural diversity in Canada.

The Canada Council has awarded many grants to encourage the creation of works that reflect Canada's cultural heritage: Indian and Inuit art, musical works inspired by European and Asian folklore, and books and plays illustrating the customs of various ethnic groups.

The Canadian Radio-television and Telecommunications Commission encourages broadcasters to provide local programming on radio and television for non-official language communities. The Canadian Broadcasting Corporation sponsors a number of programs that deal with ethnocultural affairs, and individual CBC stations often feature local festivals, fairs and individual cultural events.

The National Film Board produces, promotes and distributes films on Canada's ethnocultural communities, and translates original English or French scripts into other languages.

The National Library and National Museums also reflect the multicultural nature of this country in their many collections, exhibitions and programs.

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The most recent, and perhaps most significant, commitment to multiculturalism is in the form of a constitutional guarantee. Section 27 of the Canadian Charter of Rights and Freedoms states: “This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.” This provision fulfils Sir Wilfrid Laurier’s vision of a nation that is unique, and yet harmonious, in its diversity.

## 11 Immigration – everyone's concern

### *Do the provinces have a say in immigration matters?*

Immigration has been both a federal and a provincial responsibility since 1867, but today the provinces are much more aware of the social and economic importance of immigration and are taking a much greater interest in it than before. The federal government has taken this recent development into account and in its *Immigration Act* of 1976 it granted the provinces a much more active and concrete role, setting up flexible mechanisms to meet their particular requirements. Following are brief descriptions of some federal-provincial agreements, cited as examples.

Nova Scotia is interested in immigration mainly from an economic point of view and in terms of its manpower requirements. As a result, the agreement between that province and the federal government puts the accent primarily on joint measures concerning immigrants who wish to work or study in Nova Scotia, and on the order of priorities used when assessing immigration requests.

Under the terms of a federal-provincial agreement, Saskatchewan gives special attention to foreign temporary workers. In particular, this agreement provides services for the reception of these workers and for their integration into society.

Prince Edward Island's special immigration concerns have also been accommodated through a federal-provincial agreement. In that province, a joint advisory committee prepares proposals concerning the admission of key personnel for employment in industrial developments initiated by the province.

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The Government of New Brunswick is especially concerned with the successful settlement and integration of newly-arrived immigrants, as reflected in the Canada-New Brunswick agreement.

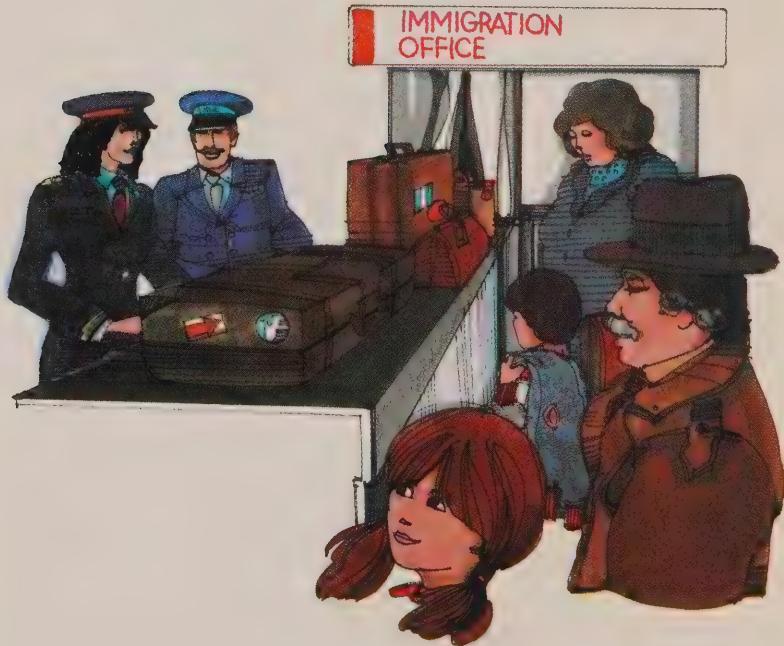
Under the terms of the Canada-Newfoundland agreement, the province is particularly involved in matters concerning offers of employment to foreign teachers, academics, medical doctors and interns. The Government of Newfoundland is also responsible for identifying occupations to be designated in light of economic prospects and development needs within the province.

Quebec is interested in immigration from a cultural, economic and social point of view. Since 1971, the federal and Quebec governments have signed three separate agreements, which enable the province today to play a major role in the recruitment, control and selection of prospective immigrants and the establishment of an immigrant orientation program. Quebec can recruit immigrants itself, either through its own services or through those of the Government of Canada, which are established all over the world, including the main francophone countries, such as France and Belgium. Furthermore, by using its own candidate selection formula, the Quebec government can ensure that the immigrants it receives will be able to help the province attain specific objectives or satisfy certain regional requirements.

Agreements with the provinces must reflect aspects of the immigration program concerned with the basic principles of non-discrimination, freedom to settle anywhere in Canada, reunification of families and the power of the federal government to authorize the entry of certain classes of persons into Canada or to refuse entry to others. The national government not only discusses with the provinces those aspects of the program that more particularly concern them, but also consults them about the number of immigrants.

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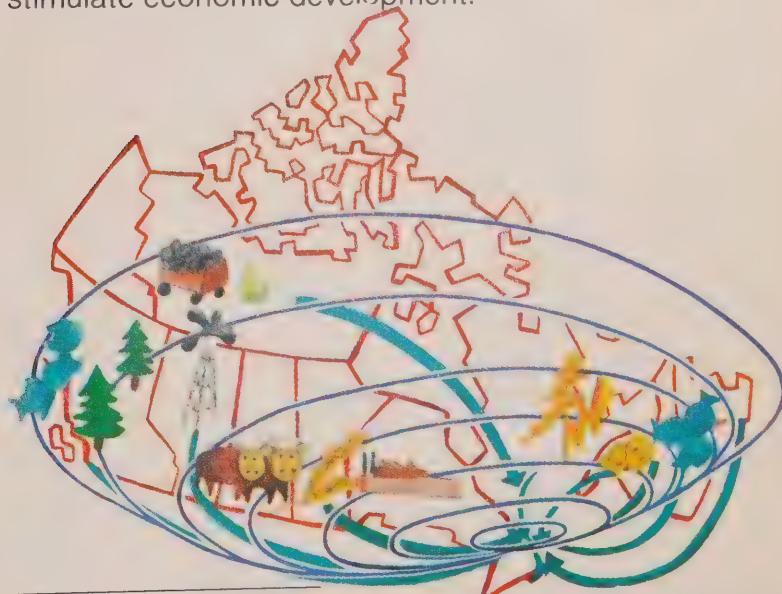
Immigration does not have the same importance in all provinces because of their economic and cultural differences. However, it does have significant repercussions on the Canadian economy and on the choice of policies, whether they concern manpower programs, regional development plans, the control of urban growth or other socio-economic factors. That is why no policy relating to immigration can really be effective and productive unless it results from the joint efforts of the provinces and the federal government.



## 12 Federalism and regional disparities

*How can the federal system contribute to reducing regional economic disparities?*

The problem of regional disparities is a major challenge in most countries. A fundamental objective of the Canadian federal system is to redistribute economic wealth in an equitable way to reduce these social and economic disparities among residents of the different regions. In recent years, this campaign has been waged through various federal departments and programs. One of the most important instruments for reducing disparities has been the Department of Regional Economic Expansion\*. DREE was created in 1969 and has administered a number of programs to stimulate economic development.



\* DREE no longer exists as such, but regional development remains a national priority. Many of DREE's programs and services have become the responsibility of a new Department of Regional Industrial Expansion (DRIE) which came into being in 1983 as part of a major reorganization of government.

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Between 1969 and 1980, DREE invested over \$4.7 billion, including almost \$2 billion in the Atlantic provinces, \$1.4 billion in Quebec, \$243 million in Ontario, and \$905 million in the Western provinces. In 1979/80, DREE's expenditures were distributed in the following way:

	\$ million	\$ per capita
Newfoundland	77.6	134.25
Prince Edward Island	29.8	240.04
Nova Scotia	51.3	60.23
New Brunswick	66.8	94.71
Quebec	179.1	28.44
Ontario	28.9	3.38
Manitoba	37.1	36.07
Saskatchewan	49.4	51.06
Alberta	12.1	5.87
British Columbia	27.9	10.63
Other expenditures*	30.7	
Total	590.7	National average per capita
		24.75

**Source:** Department of Regional Economic Expansion, *Annual Report*, 1979/80

\* Headquarters, Atlantic Development Council, Atlantic and Western regional offices, Northwest Territories and Yukon.

## 12

While DREE's initial activities focused on establishing and improving the industrial infrastructure of disadvantaged areas of Canada, the bulk of more recent initiatives involved longer term projects, cost-shared with provincial governments. In these projects, the federal government has been able to assist the provinces in identifying and realizing their opportunities for development without infringing on their priorities.

Through continued federal-provincial co-operation the regional disparities that exist in Canada will be further reduced so that Canadians can share more equitably in the wealth of the nation. And, as the economic potential of every region is realized, the Canadian economic union will become stronger and more secure.

## 13 Sharing Canada's wealth

### ***How did the idea of equalization develop?***

Equalization refers to the practice of paying federal unconditional grants to the less wealthy provinces. In this way, all provinces are placed in a relatively comparable position to supply essential services to their residents without subjecting them to excessively high taxes.

This concept of sharing is as old as the Canadian federation. From the beginning, the provinces varied in their capacity to raise taxes to finance the services for which they are responsible under the Constitution. This was recognized by the Constitution in 1867 with the payment of subsidies to Nova Scotia and New Brunswick. The various special grants given by the federal government to the provinces in the first 75 years of our history helped to redistribute Canada's wealth and made it possible for any region in temporary economic difficulties to benefit from the wealth of the others.

In 1941, the Rowell-Sirois Commission recommended that the Canadian government make grants every year to the provinces so they could ensure a standard level of certain services (education and welfare) and balance their budgets. World War II and certain other events prevented the federal government from implementing a program of this general nature until 1957. It had become essential to do so at this stage, for in the postwar period there was an increasing demand for public services in the fields of university education, health and social security. Furthermore, it was clear that no province was in a position to take the large-scale initiatives that were needed.

Since that time, the provinces have had to deal with the steadily rising costs of providing public services.

# 13

Payments under the equalization program have expanded automatically as a result of the growth in provincial revenues from taxation and have increased further due to various enlargements of the program since 1957.

At the present time the federal government makes annual payments to those provinces whose per capita capacity to raise revenues from a very broad range of taxes is lower than the average capacity of a group of provinces deemed to be representative.

The Atlantic region in particular receives considerable aid through this program. Quebec and Manitoba also receive large benefits. While Manitoba is at present the only Western province to qualify under the program, substantial payments have been made to other Western provinces in the past, when that region was less prosperous than it is today.

In 1982/83, equalization payments amounted nearly \$5.2 billion, distributed as follows:

	\$ million	\$ per capita
Newfoundland	465.1	817
Prince Edward Island	115.2	938
Nova Scotia	567.5	666
New Brunswick	484.7	693
Quebec	3,082.6	476
Manitoba	443.4	428
Total	5,158.5	

**Source:** Department of Finance Canada.

The *Constitution Act, 1982* made equalization an integral part of our Constitution, ensuring all Canadians access to reasonably comparable levels of public services at reasonably comparable levels of taxation.

# 14

## The Canadian system of income security and social services

### ***What are the main characteristics of the income security and social service programs in Canada?***

The striking feature of Canada's income security and social services programs is that they are national in scope. All Canadians, whatever the province or territory in which they live, can enjoy similar benefits. For example, elderly persons living in Alberta are entitled to the same Old Age Security benefits and Guaranteed Income Supplement as those living in Nova Scotia or any other province. A resident of British Columbia who is in hospital in Vancouver is covered by his or her provincial health insurance plan, and the residents of other provinces are similarly covered by their respective provincial plans. Moreover, if a British Columbian should require hospital care while visiting in another province, his or her expenses are covered by the British Columbia insurance plan.

Hospital and medical services are provided by the provinces, under whose jurisdiction they fall. However, the federal government provides massive financial aid designed to ensure maintenance of national standards and universal access to health care services.

A wide range of programs designed to meet Canadians' needs have come into existence, particularly since World War II, and their financing and administration is a complex matter. As a result of the respective constitutional responsibilities of the federal and provincial governments in the social field, certain programs are entirely under federal control, others are financed in full by the provinces, and many programs come under federal-provincial co-operative agreements.

For example, workmen's compensation is purely provincial, Unemployment Insurance purely federal.

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Unemployment Insurance benefits are similar throughout the country, although there are less stringent entrance requirements and longer periods of benefit for workers in regions with more than the average national rate of unemployment.

The federal government pays Canada Pension Plan benefits to retired Canadians who have contributed to the plan in all provinces but Quebec, where the Quebec Pension Plan is in effect. Benefits under the two plans are similar and “portable”—that is, a person moving to Quebec from another province, or from Quebec to another province, carries along his or her pension coverage. Old Age Security, Guaranteed Income Supplement and veterans’ pensions and allowances are paid by the federal government, but provincial governments are free to provide their senior citizens with supplementary benefits. Although the Family Allowance program is financed by the federal government, the provinces retain the right to establish benefit scales according to the age and/or number of children. Some provinces provide families with supplementary assistance programs, which they finance and administer themselves.

The costs of most other social assistance and welfare programs are shared between the federal and provincial governments under the Canada Assistance Plan. Some service-type programs, such as day care, are administered by the provinces with financial assistance from the federal government.

The financing of joint federal-provincial programs involving hospital insurance, medical insurance and post-secondary education was shared on a 50-50 basis prior to 1977. However, the provinces claimed that the obligation to share costs led them to accept spending priorities and a quality of service not necessarily suited to their needs or means. As a result, the agreements were replaced in 1977 by arrangements known as Established Programs Financing to provide for a federal contribution based on a combination of income tax transfers and cash payments to the prov-

inches. These arrangements have preserved the principle of federal contributions to provincial programs, while giving the provinces greater flexibility in determining their spending priorities.

Under Established Programs Financing, federal government transfer payments to the provinces in 1982/83 came to more than \$12 billion, distributed as follows :

	\$ million
Newfoundland	282
Prince Edward Island	61
Nova Scotia	421
New Brunswick	346
Quebec	3,197
Ontario	4,298
Manitoba	512
Saskatchewan	485
Alberta	1,144
British Columbia	1,375
Northwest Territories	23
Yukon	12
Total	12,155

**Source:** Department of Finance Canada.

# 14

This brief review of income security and social programs doesn't begin to cover all of the services available to Canadians. The most important point is the fact that the pooling of federal and provincial resources provides Canadians with a whole range of services of high quality and geared to their needs. Children, families, veterans, senior citizens, widows and orphans, the handicapped, the unemployed and people who have had accidents on the job—these are some of the many groups of people who benefit from the Canadian income security and social service system.



## 15 Unity in diversity

***Can each province be distinctive and still share interests with the rest of Canada?***

Canada's founders adopted a federation rather than a unitary system because each region had a distinctive "personality" in terms of its language, culture, geography or economic conditions.

The different priorities that provincial governments have set to meet the needs of their residents are evident in many areas.

Some provinces have granted a large degree of autonomy to their educational institutions and hospitals; others have centralized such powers in the provincial capital. Provinces in Western Canada have been inclined to encourage the amalgamation of municipalities and the formation of regional urban communities, while provinces in Atlantic Canada have generally opted for maintaining smaller municipal institutions. Some provinces have decided to zone agricultural land, while others have preferred not to intervene in this area. Finally, because of the particular soil and climatic conditions in each region, the provinces have placed a different emphasis on livestock raising, grain growing, dairying and the cultivation of fruits and vegetables.

However, despite the great diversity of Canada's 10 provinces, the interests of one province are often common to several or even all of the others. For example, Ontario and Quebec have traditionally shared the same concerns about tariff policies being negotiated by the federal government. In the area of taxation, the equalization agreements favour mainly Quebec and the Atlantic Provinces and thus bring these provinces

together. In energy matters, the producing provinces usually form a united front while the consuming provinces form their own alliance.

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Yet Canadians, whether they live in British Columbia, Quebec or Newfoundland, have many needs in common. A person over 65 years of age faces essentially the same problems no matter where he or she lives.



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The manufacturer who wants to export a greater proportion of his production shares this ambition with all manufacturers in the country. All Canadians, when travelling outside Canada, want to benefit from their country's excellent reputation and be well received. Automobile or farm machinery owners do not want to pay drastic increases in the price of gasoline. These similar, and in some cases identical, interests inevitably lead the different governments of Canada to join together in order to respond to them.

In some matters of mutual interest, the provinces have co-operated with the federal government in order to develop and administer national programs. For instance, the federal government initiated a plan for a national pension scheme in the 1960s. What emerged was federal-provincial agreement to create the Canada Pension Plan and the Quebec Pension Plan. Interprovincial channels have also been developed to accommodate shared interests. An annual conference of the 10 premiers provides a forum for discussing the full range of economic and political problems that face the provinces. The Western Premiers Conference and the Council of Maritime Premiers provide similar forums for discussions along regional lines.

In summary, each province is distinctive, but Canadians across the country have many interests and needs in common. Each government must therefore work to satisfy its specific objectives, while collaborating with other governments in the pursuit of common goals.

# Canada

## Canada

### 16 Advantages and disadvantages of federalism

***What are some of the advantages and disadvantages of a federal system?***

The federal system, composed of two orders of government, has proven to be more capable than other systems of government of reacting quickly and effectively to the special needs of the regions and the various ethnic and linguistic groups of a country.

At the same time, a healthy competitive spirit exists between the federal and provincial governments, with each striving to retain the support of the electorate. This positive competition ensures that both orders of government remain responsive to the needs of their citizens.

The federal system can unite vast territories with diverse resources, thus providing the potential for sustained economic growth and stability. In the case of both domestic and international crises, the diversity of regional resources can be a source of strength.

For instance, if a given region is hit by poor economic conditions, it can rely on the help of the rest of the federation to overcome its setback. In the course of Canadian history, each of the provinces has been able to benefit from this advantage.

There have also been many occasions when the range of Canada's resources has helped to shelter Canadians from the adverse effects of world economic upheavals. Alberta's energy resources have been extremely important to all Canadians in this regard. Canada's agricultural and fishing industries have helped to ensure that Canadians do not suffer from the food shortages that grip much of the rest of the world, and have also contributed to large surpluses on the

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export side of Canada's balance of trade. Canada's many other resources have bolstered the economy in the face of uncertain international economic conditions.

However, in some economic matters, it is clear that the federal system may give rise to differences of opinion between the two orders of government. These differences may reduce the effectiveness of their respective economic policies, which will naturally have less impact than a single policy.

Furthermore, the governments that form a federation may retain the power to restrict the free circulation of goods, capital and people. This in the long run is not good for the people of the country as a whole and in Canada it has been limited to some extent by the *Constitution Act, 1982*. Finally, it should be noted that the economic policies of individual governments in the federation sometimes have negative effects on the total economic situation of the country. For example, heavy borrowing by the provinces may greatly increase the deficit and negatively influence national monetary policies.

The difficulties involved in developing coherent national economic policies probably represent the most significant disadvantages of the federal system. However, these disadvantages are not insurmountable. In recent Canadian experience, the prime minister and premiers have held "economic summit" meetings in an effort to reach a consensus on the management of the economy. This approach has had some success, and most political leaders agree that continued co-operation is the key to Canada's economic prosperity.

The Canadian example demonstrates that there are some disadvantages in a federal system, but that there are also considerable advantages. Since the advantages would appear to far outweigh the disadvantages, federalism remains the most viable form of government for Canada.

## 17 Our greatest achievements

### *What are the most important Canadian achievements?*

It is difficult to answer this question because our pride in being Canadian depends on a set of very personal preferences, values and interests. Nevertheless, we shall try to mention some achievements that seem to be universally recognized.

#### **A free society**

We live in a free and peaceful society, which is open to the rest of the world—an important fact some of us may not always appreciate. Nevertheless, ours is a situation that is the envy of many citizens of other countries who do not enjoy the same rights, liberties and democratic traditions that we do.

The citizens of many countries have had to fight their fellow citizens to achieve recognition of their rights, leaving deep divisions within their societies. Canada is one of the few nations of the world that has never been ravaged by civil war. Even when conflicts among the linguistic groups, regions or governments of Canada have arisen, they have been handled peacefully and democratically. The debates in this country have often been heated, but they have seldom been accompanied by violence. For instance, the Quebec referendum of 1980 raised the question of Quebec's seceding from Canada and becoming a sovereign state, with some agreed economic association with what would remain of Canada. This would have broken the Canadian federation, and many people voiced strong opinions about the issues. Yet the referendum was carried out in a calm and orderly manner.

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Our federal system with its two orders of government promotes this climate of liberty because no one government monopolizes the powers of intervention in the activities of its citizens.

Now that the *Constitution Act, 1982* has entrenched in our Constitution a Charter of Rights and Freedoms, the rights of Canadians should be even more secure. Remember, though, that Parliament, or a provincial legislature, each in its sphere of jurisdiction, can override many provisions of the charter for periods of five years. As well, some of the minority education rights of the English-speaking in Quebec can come into force only by action of the Quebec government or legislature.

## **A prosperous society**

In Canada we enjoy a standard of living higher than that of 92 per cent of the world's population. After more than a century of effort and perseverance, Canada has surmounted the problems posed by its vast territory, northern climate and scattered population, and has built an industrialized country where the quality of life is relatively very high.

This quality of life and prosperity stem in part from our federal system, which, while giving the regions a good deal of autonomy, has also led them to co-operate in projects that are important for all Canadians, and to share their natural and human resources.

## **Enviable social policies**

The array of federal and provincial programs in the social field in Canada is envied by many countries, whether they have federal or unitary systems. Canadians from all parts of the country benefit from numerous income security and social service programs.

# 17

## Cultural diversity

The Canadian federal system has enabled two linguistic communities and a variety of regional and cultural groups to retain their identities and to enrich each other. Provincial governments have very broad powers that help them to meet the particular cultural, recreational, educational and other needs of the people of a given region. For its part, the federal government, through institutions such as the CBC and the National Film Board, enables all Canadians to share enjoyment of the immense reservoir of talent stretching from coast to coast.

Obviously, this brief review of our country's achievements is not exhaustive. In fact, Canada itself is perhaps the most impressive Canadian achievement. Our country offers exceptional opportunities for development on all levels. Not only is Canada vast, beautiful and diverse, but our economic and human potential is exceptional. It offers us all the essential means of fulfilling our present and future needs.



## 18 Challenges facing Canadian federalism

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### ***What are the main challenges facing Canadian federalism?***

The number one challenge facing Canadian federalism is to continue to enable all Canadians to live well in a well-governed country.

One important piece of unfinished business left over from the “patriation” of our Constitution is to establish the place in Canadian society of our aboriginal peoples—the Inuit, Indians and Metis.

The *Constitution Act, 1982* recognizes and affirms the existing aboriginal and treaty rights of Canada’s native peoples. But that is only the beginning. The Constitution calls for a series of meetings at which the prime minister, provincial premiers and the leaders of native groups will try to identify and define those aboriginal rights that can be entrenched by constitutional amendment.

Another ongoing challenge is to ensure that the Canadian federal system continues to be a means of creating prosperity and redistributing the collective wealth equitably to Canadians. It must carry out these tasks while, at the same time, allowing the different regions and the various ethnic and linguistic groups in the country to develop according to their aspirations.

If this challenge is to be met effectively, then concern must be given to what is required to protect the legitimate interests of the provinces and what is required for the rational management of the Canadian economy. In recent years, there has been a disturbing trend toward the fragmentation of the domestic market. Some governments have erected barriers to the free flow of goods, services, capital and people. As the Business Council on National Issues pointed out to the Special Joint Committee on the Constitution in January 1981, such barriers threaten the stability of the national economy.

*...Provinces have increasingly...taken measures designed to interfere with the economic free flow of goods, services, labour and capital in the hope of boosting the local economy and generating employment...But this progressive fragmentation makes it more difficult for Canadian firms to develop in the most efficient manner, and as a result jeopardizes the very basis of our position as a high-income industrial nation.*

If we want our economy to become more efficient in meeting our own needs, and in competing with other countries in international markets, then we must restore a true economic union. We must also seek a better integration of federal and provincial economic policies to ensure that each region can raise the productivity of its industries, the profitability of its firms, and the income of its residents. If these efforts are combined with a continued commitment to policies designed to reduce regional disparities and to redistribute wealth among Canadians, the economic foundations of the federation will remain secure.

Strengthening our union and renewing our Constitution will be ongoing tasks, but they are challenges of which Canadians are worthy. Through them, we can create an economic and political framework that will better meet the needs and aspirations of all Canadians.







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